

RELEASED

090035 HRD-76-105

8-17-76

RESTRICTED - Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.

090035



REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

The Social Security Administration Should Provide More Management And Leadership In Determining Who Is Eligible For Disability Benefits

Department of Health, Education, and Welfare

State agencies have not received strong and active leadership from the Social Security Administration in determining who is qualified to receive disability payments.

Several weaknesses GAO identified in the administration of the disability determination process could adversely affect the uniformity of decisions. These weaknesses must be corrected if there are to be assurances that to the extent possible disability claims are processed uniformly and efficiently throughout the country, regardless of where they are filed.

The Social Security Administration should adopt a stronger and more active management role and, in cooperation with the States, should correct the weaknesses identified in this nationwide program.

HRD-76-105

907490

090035

AUG. 17. 1976

REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES

THE SOCIAL SECURITY ADMINISTRATION
SHOULD PROVIDE MORE MANAGEMENT AND
LEADERSHIP IN DETERMINING WHO IS
ELIGIBLE FOR DISABILITY BENEFITS
Department of Health, Education,
and Welfare

D I G E S T

The Social Security Act intended that persons applying for disability benefits receive objective, uniform, and equal consideration of their claims, regardless of where they are filed. By law, State agencies determine applicants' disability under agreements with the Department of Health, Education, and welfare (HEW).

GAO has tested the uniformity of decisions by State agencies as to persons eligible for disability benefits under programs authorized by titles II and XVI of the Social Security Act and administered by the Social Security Administration.

GAO selected a sample of 221 title II and title XVI claims and had them adjudicated by each of 10 State agencies. The samples were selected from a universe of actual claims that had been adjudicated previously by another State.

There was much disagreement among the 10 States on the disposition of the sample claims. Where some approved a claim, others denied it; still others said there was insufficient documentation to render a decision. The percentages of approval by the States ranged from 47 to 31; denials from 41 to 19; and of those claiming additional documentation was needed, from 50 to 18.

There was complete agreement among the 10 States on only 48 claims (22 percent).
(See pp. 6 to 8.)

HRD-76-105

The size and importance of the two Federal disability programs can be seen from the following:

- About \$12.5 billion is expected to be paid in 1976 to about 6.9 million beneficiaries.
- About \$225.4 million is expected to be paid to State agencies for their administrative costs.

Several weaknesses were identified in the administration of the disability determination process which could reduce the uniformity of decisions. Criteria and guidelines provided to the State agencies to use in disability determinations often were

- incomplete,
- vague,
- contradictory,
- time consuming to implement, and
- subject to divergent interpretation.

In addition, State agencies have been inundated with numerous changes in instructions originating at both Social Security headquarters and its regional offices and transmitted through a variety of communication channels. (See pp. 13 to 15.)

Also, there are significant variations in the form, content, and length of training provided employees of the various State agencies. There were also variations in the training conducted by different offices within the same State.

These variations resulted, in part, because the agreement between the Secretary of HEW and the States gave State agencies the responsibility for developing and providing training for their employees. Thus, State agency personnel receive varying degrees of

training on the technical and medical requirements necessary to uniformly and efficiently adjudicate claims. (See pp. 16 to 19.)

The Social Security Administration has established a quality assurance system intended to provide uniform application of disability standards nationwide. This system is supposed to (1) identify problems related to individual examiners, State agencies, and the entire disability determination process and (2) provide feedback to the proper levels. In that way, appropriate corrective action can be taken.

The quality assurance system is not fully effective because:

- The system is not properly established or functioning in all State agencies.
- The feedback to the three levels within the system has been inadequate or nonexistent.
- The trend analysis and special studies intended to correct systemwide problems are nonexistent.
- The criteria for returning cases to the State for reconsideration and review may be too restrictive.

The present quality assurance system provides little or no assurance that problems related to the disability determination process are identified and appropriate corrective action taken. (See pp. 19 to 23.)

It was not possible to determine the extent of direct impact the above weaknesses had on the uniformity of decisions because of the degree of individual judgment that can be exercised in such a program.

However, if there is going to be any assurance that--to the extent possible--disability claims are processed uniformly and efficiently,

regardless of where they are filed, these weaknesses must be corrected.

The function of State agencies in the disability determination process is the same--deciding whether or not a claimant is disabled. However, the means used in reaching those decisions differ significantly among the States.

The differences result, in part, because the agreements between the Secretary of HEW and the States provide that the State can (1) determine, with the Social Security Administration's concurrence, where the State agency will be located within the State hierarchy, (2) establish its own organization and staffing mix, and (3) determine its own case-processing procedures.

The Social Security Administration has not conducted an overall study of the differences that exist among the State agency operations nor developed a model or standard organization which could provide the States guidance. (See pp. 24 to 30.)

There have been problems for several years with the adequacy of the medical information and disability reports provided to the State agencies by the Social Security Administration's district and branch offices. Even though State agency officials said this problem has had an adverse effect on the efficiency of their operations, it has not been corrected. (See pp. 30 and 31.)

The Secretary should direct the Commissioner of Social Security to (1) adopt a stronger and more active leadership role in managing the disability determination process and (2) cooperate with the State agencies to:

--Make sure the States are provided timely and adequate criteria and instructions for carrying out their responsibilities.

--Be sure uniform training is provided all State agency employees.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(4)

The Honorable James A. Burke
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

The disability determination process carried out by State agencies has suffered from the lack of strong and active leadership by the Social Security Administration.

We identified several weaknesses in the Social Security Administration's management of this process which could adversely affect the uniformity of the decisions.

We made our review pursuant to your February 20, 1975, request, and we included comments from the Department of Health, Education, and Welfare.

As instructed by your office, we are sending copies of this report to the House and Senate Committees on Government Operations and on Appropriations; the Director, Office of Management and Budget; the Secretary of Health, Education, and Welfare.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas P. Blasko".

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	i
CHAPTER	
1 INTRODUCTION	1
Federal-State relationship in the disability determination process	3
Scope and approach	4
2 STRONGER LEADERSHIP IS NEEDED BY SSA TO IMPROVE UNIFORMITY IN THE ADJUDICATION OF DISABILITY CLAIMS	6
Lack of agreements among the States	6
Inadequate criteria and instructions	10
Medical criteria	10
Vocational criteria	12
Claims-processing instructions	13
Lack of uniform training programs	16
SSA input into State agency training programs	16
Variations in State agency training programs	17
Ineffective quality assurance activities	19
Three-tier quality assurance system	20
Weaknesses in the quality assurance system	20
Limitations of the clear decisional error concept	23
3 STRONGER LEADERSHIP IS NEEDED BY SSA TO IMPROVE THE EFFICIENCY OF THE DISABILITY DETERMINATION PROCESS	24
Factors contributing to SSA's lack of leadership	24
Location in the State organization and State imposed restrictions	25
Variances in State agency organizations and case-processing procedures	28
Centralized vs decentralized operations	29
Impact of district office operations on the disability determination process	30

	<u>Page</u>	
CHAPTER		
4	CONCLUSIONS AND RECOMMENDATIONS	32
	Conclusions	32
	Recommendations to the Secretary of HEW	33
5	AGENCY COMMENTS AND OUR EVALUATION	34
APPENDIX		
I	Letter dated February 20, 1975, from the Chairman, Subcommittee on Social Security, House Committee on Ways and Means	40
II	Variations among State agencies' training programs	42
III	Letter dated June 7, 1976, from the Assistant Secretary of HEW	43
IV	Principal officials of the Department of Health, Education, and Welfare responsible for administering activities discussed in this report	57

ABBREVIATIONS

DI	Social Security Disability Insurance
DISM	Disability Insurance State Manual
DO	district office
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
SSA	Social Security Administration
SSI	Supplemental Security Income

- Determine that the quality assurance system is adequately implemented.
- Develop a model or standard for guiding the State agencies in establishing their own organization and case-processing procedures.
- Improve the quality of the input to the State agencies from its district offices.

The Secretary should also direct the Commissioner of Social Security to:

- Review the agreements with the State agencies and suggest revisions to clearly define the responsibilities of each party, consistent with a uniform disability determination process.
- Resubmit a proposed new medical criteria listing for use in determining disability to the regional offices and State agencies for review and comment.
- Study the feasibility of establishing a mechanism to systematically evaluate the uniformity of disability determinations on a regional and national basis. (See p. 33.)

HEW expressed serious reservations as to the validity and representativeness of GAO's findings, but agreed with the first seven recommendations and made plans to implement them. (See pp. 34 to 39 and 43 to 56.) The eighth recommendation, concerning a systematic evaluation of the uniformity of disability determinations, was added by GAO after consideration of HEW's comments.

CHAPTER 1

INTRODUCTION

The Social Security Administration (SSA) administers two programs under which disabled persons may be entitled to receive benefits. The first of these programs, the Social Security Disability Insurance (DI) program, was established in 1954 under title II of the Social Security Act to prevent the erosion of retirement benefits of wage earners who become disabled and prevented from continuing payments into their social security account. In 1956 the program was expanded to authorize cash benefit payments to the disabled.

To be considered eligible for these benefits, a worker must be fully insured for social security retirement purposes and generally have at least 20 quarters of coverage during the 40-quarter period, ending with the quarter in which the disability began.

Benefits range from a monthly minimum of \$101--\$152 for a family--to a maximum of \$523--\$915 for a family. The maximum benefit can be reached only in unusual circumstances.

To monitor the costs of this disability program, the Congress established a separate Disability Insurance Trust Fund into which a specified percentage of social security payroll tax receipts are deposited and from which all disability insurance benefit payments and associated administrative costs are disbursed.

Title XVI of the Social Security Act established the Supplemental Security Income (SSI) program to provide cash assistance to needy aged, blind, and disabled persons. Effective January 1, 1974, the program replaced the former federally assisted but State-administered programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. The SSI program, financed from Federal general revenues, is intended to provide a minimum income for eligible persons using national eligibility requirements and benefit criteria. Social security coverage is not a prerequisite for eligibility.

An individual's eligibility for benefits under this title is subject to limitations of certain amounts of income and resources which may vary depending on marital status and living arrangements.

For example, an individual may have countable resources worth up to \$1,500 (\$2,250 for a couple) and still receive benefits. Certain resources, because they are essential to the claimant, are not included as countable resources; a home with a market value of \$25,000 or less (\$35,000 in Alaska or Hawaii), and an automobile valued at \$1,200 or less.

Under present law, for a qualified individual with no countable income, the SSI program currently guarantees a monthly income of \$167.80 and \$251.80 per month for a couple.

The statutory definition of disability under DI and SSI programs is the same.

Disability is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months. Substantial gainful activity is any level of work performed for remuneration or profit, that involves significant physical or mental duties, or a combination of both. Work may be considered substantial even if performed part time and is less demanding, responsible, or pays less than the individual's former work. Presently, income of \$230 a month is used as a guideline for a substantial gainful activity.

Over the past several years, the number of claims, amount of benefits paid, and administrative costs of the disability programs have increased significantly, due partly to the advent of the SSI program. The following table illustrates that growth.

Disability Programs

Fiscal year	Beneficiaries (end of year)		Benefits paid during year	Program administration by State agencies	
	Title II	Title XVI		Cost	Employees
	(millions)		(billions)	(millions)	(thousands)
1972	3.1	-	\$ 4.0	\$ 68.2	4.4
1973	3.4	-	5.2	80.4	6.3
1974	3.7	1.5	7.4	146.8	10.3
1975	4.2	1.8	10.6	206.8	10.1
1976 (est.)	4.7	2.2	12.5	225.4	9.8

SSA estimates that for every title II disability claim approved, the average applicant will receive about \$20,000 in benefits. Although actuarial experience is not available for computing comparable figures for SSI disability claimants, the total federally administered SSI payments increased from about \$365 million in January 1974 to about \$500 million in November 1975, an increase of about \$135 million. During this period, about 1.1 million recipients of federally administered payments were added to the rolls. The disabled accounted for nearly 635,000 of this increase.

FEDERAL-STATE RELATIONSHIP IN THE DISABILITY DETERMINATION PROCESS

Because it was concerned with the problems of rehabilitation and relationships with the medical profession, the Congress indicated that disability determinations under the DI program should be made by State vocational rehabilitation agencies. The Social Security Act, as amended, gave the Secretary of Health, Education, and Welfare (HEW) authority to contract with the State vocational rehabilitation agency or some other agency selected by the State to carry out this function. The same system has been used by the SSI program. The States are reimbursed by the Federal Government for their costs in making disability determinations.

A claimant can apply for disability benefits at any SSA district office. Applications are processed by claims representatives who interview the applicant and prepare a medical history and disability report. Income and resources information is also developed for SSI claims. The report and any other information developed is then forwarded to a State agency for processing.

The determination of an applicant's disability is made by a State agency whose primary function is to develop medical, vocational, and other necessary evidence and then evaluate it and make a decision. The State agencies use the medical history and disability report prepared by the SSA district offices to determine what additional information must be obtained to fully develop a claim so that a decision can be made. The criteria used for making disability determinations and instructions for developing and processing claims are furnished to the States by SSA.

A sample of the decisions rendered by the States are reviewed by SSA.

SCOPE AND APPROACH

In a letter dated February 20, 1975 (see app. I), the Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, requested that we review State agency operations for determining disability under the DI and SSI programs. He asked that we review the following:

- The reasons for the interstate variations noted by the 1959 Harrison Subcommittee (a special subcommittee of the Ways and Means Committee), and the 1974 Ways and Means staff study. The variations were (1) denial rates, (2) State cases questioned by SSA, (3) rate of purchase of medical evidence, (4) processing time, and (5) case costs and operating methods and procedures.
- The type of control and review of State agencies that is carried on by SSA.
- The effect of recent moves by SSA to decentralize the disability determination process.

After the chairman's request, we advised the subcommittee staff that the interstate variations noted by the 1959 Harrison Subcommittee and the 1974 Ways and Means staff study were not valid indicators of differences in State agency performance because of numerous variables involved. For example, operating costs vary among the States because of differences in working hours per week, salary rates, and fee schedules for medical examinations. Also, denial rates and processing time per se may measure the degree, but not the quality of effort. The subcommittee staff said that the primary concern of the subcommittee was whether (1) objective, uniform, and equal treatment was being provided to all disability applicants and (2) the State agencies were operating in the most efficient, effective, and economical manner.

To assess the degree of uniformity of disability decisions, we analyzed a sample of 221 title II and title XVI claims which we had adjudicated by Arkansas, California, Florida, Indiana, Kentucky, Maine, Massachusetts, Ohio, Texas, and Washington. The sample claims were selected from a universe of actual claims that had been previously adjudicated by a State not included in our review.

However, the claims selected for our test did not represent a statistical random sample that could be projected to

the total universe of 2.5 million claims which were processed during 1975. The purpose of our test was to evaluate how uniformly the decisions were between 10 States adjudicating actual cases using the same information. The sample size was selected to get an adequate mix of the different types of cases. The sample claims contained all medical, vocational, and other information pertinent to the original disability decision. The following table shows the sample claims by type and the original decision.

<u>Type claim</u>	<u>Total claims</u>	<u>Original decision</u>	
		<u>Claims approved</u>	<u>Claims denied</u>
Title II	109	60	49
Title XVI	<u>112</u>	<u>53</u>	<u>59</u>
Total	<u>a/221</u>	<u>113</u>	<u>108</u>

a/The figure shown represents 200 separate cases. Twenty-one cases involved concurrent claims filed under both title II and title XVI--a common practice where disability may be applicable under both titles--thus making a total of 221 possible decisions.

We reviewed claims-processing procedures, reports, and other internal operations of 10 State agencies. In fiscal year 1975 these 10 State agencies processed about 33 percent of the national universe of about 2.5 million disability claims. In addition, we reviewed the pertinent responsibilities and functions of the SSA headquarters in Baltimore, Maryland; regional offices in Atlanta, Georgia; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; San Francisco, California; Seattle, Washington; and selected district offices.

We also made extensive use of major studies conducted and reports prepared by SSA and comprehensive research work performed by the staff of the Subcommittee on Social Security.

CHAPTER 2

STRONGER LEADERSHIP IS NEEDED BY SSA TO IMPROVE

UNIFORMITY IN THE ADJUDICATION OF DISABILITY CLAIMS

The Social Security Act, as amended, intended that applicants for disability benefits receive objective, uniform, and equal consideration of their claims, regardless of where they are filed. We identified several weaknesses in the Social Security Administration's management of the disability determination process which could adversely affect the uniformity of decisions. SSA has not (1) provided the State agencies with timely, clear, and concise criteria and instructions, (2) assured that uniform training was provided to all State agency employees, and (3) assured that its three-tier quality assurance system was adequately implemented.

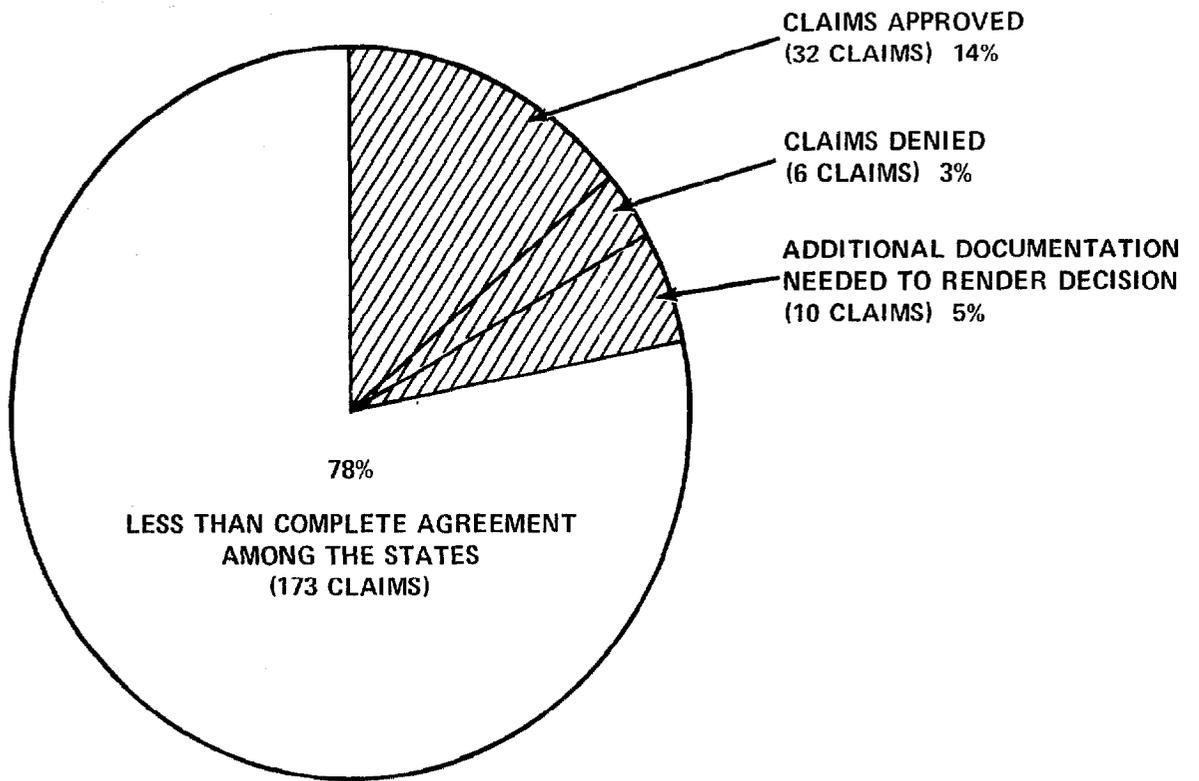
We could not determine the extent of direct impact these weaknesses had on the uniformity of decisions because of the degree of individual judgment that can be exercised in such a program. However, we believe these weaknesses need to be corrected if there is to be assurance that--to the extent possible--disability claims are processed uniformly and efficiently, regardless of where they are filed.

LACK OF AGREEMENT AMONG THE STATES

We selected a sample of 221 actual claims which had been adjudicated by a State agency not included in our review and requested the 10 States we reviewed to adjudicate them.

There was considerable disagreement among the 10 States on the disposition of the sample claims. Where some approved a claim, others denied it; still others said there was insufficient documentation to render a decision. The following chart shows there was complete agreement on the disposition of only 48 (22 percent) of the 221 claims.

CLAIM DISPOSITION (221 CLAIMS)



Complete Agreement Among the 10 States on the Decision Rendered or the Inadequacy of the Documentation Available Upon Which to Render a Decision.

Although there was complete agreement among all 10 States to either approve or deny 38 claims (17 percent), they did not always agree on the rationale used to make those decisions.

A claimant may be considered disabled if he has one ailment which meets the SSA established medical criteria for disability or if he has a combination of several lesser ailments which are deemed to equal the medical criteria. Of the 32 approved claims, there were 22 instances of disagreement on whether the disability met or only equaled the medical criteria, 5 instances of disagreement on whether the approval was based on medical or vocational factors, and 1 instance of disagreement on whether the disability met the medical criteria or was statutory blindness. Of the six claims denied by all States, there were four claims for which different reasons were cited in support of the decisions made.

The following table shows the variations in the States' decisions.

State	Approved claim		Denied claim		Additional documentation needed to render decision	
	Number	Percent	Number	Percent	Number	Percent
A	81	37	71	32	69	31
B	104	47	55	25	62	28
C	74	34	54	24	93	42
D	86	39	54	24	81	37
E	91	41	90	41	40	18
F	68	31	43	19	110	50
G	91	41	53	24	77	35
H	99	45	58	26	64	29
I	91	41	75	34	55	25
J	91	41	54	25	76	34

The table shows approvals ranged from 47 percent to 31 percent; denials from 41 percent to 19 percent; and claims needing additional documentation from 50 percent to 18 percent.

SSA statistics also show that consideration given to applicants' claims varies widely among all the States. While the national average shows that 50 percent of all disability claims are approved, data on individual States shows the approval rate ranges from 66 percent to 38 percent.

A majority of the 10 States (at least 6 States) reached a decision to either approve or deny 156 of the 221 claims. Of the 156 decisions reached, 119 (76 percent) were agreed upon by 6 or more States. Even when the States agreed with the decisions made, they disagreed on the rationale followed in 95 decisions (80 percent).

The following tables show more detail concerning the lack of agreement among the six or more States on the rationale followed to reach their decisions.

Disability Claims Approved

<u>Basis for decision</u>	<u>Number of claims</u>	<u>Percent to total</u>
Complete agreement	15	19
Less than complete agreement as to the:		
Severity of the impairment	46	60
Severity of the impairment and impact of vocational considerations	<u>16</u>	<u>21</u>
Total	<u>77</u>	<u>100</u>

Disability Claims Denied

<u>Basis for decision</u>	<u>Number of claims</u>	<u>Percent to total</u>
Complete agreement	9	22
Less than complete agreement as to the:		
Severity of the impairment and type of work the applicant could perform	27	64
Type of work the applicant could perform	<u>6</u>	<u>14</u>
Total	<u>42</u>	<u>100</u>

SSA also adjudicated the sample claims and agreed with the decisions for only 76 (64 percent) of the 119 claims on which 6 or more of the States agreed. Of 24 claims--15 approvals and 9 denials--on which 6 or more of the States agreed, SSA disagreed with the decisions for 11 (46 percent). Regarding five claims which were approved by six or more of the States because the claimants' disabilities met SSA medical criteria, SSA concluded the medical information was inadequate

and a decision could not be made. In contrast, SSA denied a claim on medical considerations that all 10 States agreed lacked sufficient medical information for making a decision. In still another case, all 10 States approved a claim on the basis of medical and vocational factors, but SSA denied it stating the applicant was capable of performing substantial gainful work.

In our opinion, the disagreement on the disposition of the sample disability claims is, in part, the result of SSA's failure to (1) provide timely, clear, and concise criteria and instructions upon which to render decisions, (2) assure that uniform training is provided to all State agency employees, and (3) provide that its quality assurance system established to monitor the disability determination process is adequately implemented.

INADEQUATE CRITERIA AND INSTRUCTIONS

The criteria and instructions provided to the State agencies by SSA to use in disability determinations were often incomplete, vague, contradictory, time consuming to implement, and subject to divergent interpretations. In addition, the State agencies have been inundated with changes in instructions originating at both SSA headquarters and regional offices and transmitted through a variety of communication channels. This resulted because SSA (1) did not update or revise criteria and instructions on a timely basis, (2) failed to manualize changes in an orderly fashion so that State agencies could have a ready reference, (3) failed to allow enough time for its regional offices and State agencies to review and comment on proposed changes, and (4) did not properly coordinate the issuance of changes by various bureaus within SSA.

As a result, the State agencies have had to provide their own interpretations of some instructions and spend excessive time and effort reviewing the various instructions to determine what is current.

In our opinion, this has adversely affected on how uniformly and efficiently the disability determination process has been carried out by the State agencies and may have resulted in inequities to some applicants.

Medical criteria

The presence of a significant medical impairment is

required before an applicant's disability claim can be allowed. SSA formulated a medical listing of the medical criteria used in evaluating the severity of an applicant's impairment. This listing has not been updated since 1968, even though the State agencies have expressed concern with several of the listed criteria.

Officials from the 10 States believed that 42 of the terms used in the medical listing were too vague and, therefore, subject to divergent interpretations.

Some of these vague terms were: moderate, recurrent, repeated, marked, high, and equals. In addition, officials from eight State agencies said the term "slight impairment" is unnecessarily vague and confusing and that its interpretation appears to be a matter of opinion depending on the examiner, medical consultant, or reviewer.

In commenting on our draft report, the Department of Health, Education, and Welfare advised us that SSA was preparing a formal directive on this subject which should provide clarification and said that it would include specific examples to illustrate the slight impairment concept to facilitate and achieve a more consistent interpretation.

The State agencies also identified 20 different criteria they believed were of questionable validity because they were overly difficult, time consuming to implement, or too restrictive. For example, they said some criteria required lab tests with equipment not readily available or commonly used in the medical community. Another frequently cited example was the criteria for epilepsy. That criteria required "Epilepsy must be substantiated by at least one detailed description of a typical seizure, preferable one observed and reported by a physician." State agency officials commented on the difficulty of obtaining an account of an epileptic seizure witnessed by a physician. They said problems with interpreting and following the medical criteria in its present form could lead to a lack of uniformity in the decisions rendered.

The following table shows inconsistencies in the decisions reached where one or more States approved and one or more States denied the same sample claim.

<u>Number of claims</u>	<u>Basis given for approval</u>	<u>Basis given for denial</u>
16	Applicant is disabled and impairment will last 12 months	Applicant is disabled; however, impairment will not last 12 months
36	Applicant is not capable of substantial gainful activity	Applicant has capacity for substantial gainful activity
2	Disability equals medical listing	Disability does not meet or equal medical listing
5	Disability equals medical listing	Applicant has only a slight impairment

SSA circularized a proposed new medical listing to its regional offices and to the State agencies for review and comment during May 1975. Officials from some regional offices and State agencies said they were not given adequate time to review and comment on the listing. For example, the senior medical consultant from one State agency said he was given only 2 weeks. He said the time allowed was not realistic and, therefore, he did not "dignify" the request by reviewing the listing. Some SSA regional and State agency officials said the new listing was an improvement over the existing one, but agreed that the new listing would not solve many of the existing problems. Their comments included some of the same criticisms of the new listing that had been levied against the existing one. They said the new listing still contained too many vague terms, was too restrictive, and did not recognize commonly accepted tests now widely used.

SSA had discussed revising the medical listing several times since it was last revised in 1968. In our opinion, after that length of time, SSA should have allowed all the State agencies and its regional offices ample time to review and comment on the proposed changes. In view of the numerous adverse comments regarding the new listing, and since all those concerned did not have adequate time to review and comment on it, we believe SSA should give them that opportunity.

Vocational criteria

An applicant who has an impairment which does not meet or equal the severity of the criteria in the medical listing, but is more severe than a slight impairment, may be determined

disabled on the basis of vocational factors, such as age, education, and work experience. The State agencies said that many disability claims are decided considering these factors. SSA has not provided the State agencies with adequate criteria for considering the weight these factors should play in the adjudication process. As a result, all 10 States had to develop their own vocational guidelines. In our opinion, this provides little assurance of uniformity among the States. Consideration of these factors could vary greatly between adjudicators and result in inequities to claimants. Officials from nine States said that there was too much room for individual judgment and personal interpretation in applying vocational factors in the adjudication process.

In commenting on our draft report, HEW advised us that proposed amendments to the regulations for vocational factors are in the clearance process. It said the amendments would provide specific rules, including new policy guidance on the element of the absence of work experience, which will direct the adjudicator's decision under various combinations of functional and vocational factors.

Claims-processing instructions

SSA has been severely lacking in issuing clear and timely instructions to State agencies on how claims should be processed. SSA provided State agencies with a Disability Insurance State Manual (DISM) which is supposed to give the disability examiners an up-to-date ready reference on how to process claims. However, SSA has not kept this manual current, thereby limiting its value.

Instead, State agencies have been inundated with numerous changes in instructions originating at both SSA headquarters and regional offices and transmitted through a variety of communication channels. For example, one State agency received the following instructions during fiscal year 1975.

<u>Instruction</u>	<u>Issued by</u>	<u>Number issued</u>
Supplement to DISM	Central office	34
State agency memo	Regional office	216
Program circulars	Central office	10
	Regional office	45
Disability insurance letters	Central office	<u>13</u>
Total		<u>318</u>

Other States experienced a similar situation. These instructions have not been properly cross indexed and manualized in DISM. One State used two employees full time to sort through and try to cross-reference numerous changes to existing instructions to provide some semblance of uniformity. Other States used employees part time to do this. Examiners from several States said that considerable time was spent reviewing the numerous changes to determine current policy.

State agency officials informed us that this massive influx of material had caused claims examiners to become confused and frustrated and has disrupted case processing because claims examiners did not know where to find needed instructions.

State agencies also complained that they often are not given adequate time to implement policy changes and instructions. They cited several examples of instructions or changes that had implementation dates before or near the date they were received. For example, the Privacy Act of 1974 (Public Law 93-579, 88 Stat. 1896), was signed into law on December 31, 1974, and pertinent sections, including some applicable to SSA, became effective September 27, 1975. The Office of Management and Budget released implementing instructions on July 9, 1975, but 6 of the 10 States did not receive instructions from SSA on how to implement this act until 2 to 3 days before its effective date. The other four States received the instructions after the effective date. State agency officials said the lack of adequate leadtime adversely affected the program because the act could not be implemented when required. They said further that mass apprehension prevailed because the act contained civil and criminal penalties for noncompliance.

In commenting on our draft report, HEW said that instructions to the States on implementing the Privacy Act were delayed, not because of a lack of action by SSA, but because it was first necessary for the Office of Management and Budget to issue implementing regulations. As discussed above, implementing instructions were available about 80 days before the act became effective.

We were also told that SSA has not been timely in issuing guidance to the State agencies. For example, in addition to the lack of guidance received by the States on vocational criteria, they have also lacked guidance on childhood disabilities.

With the initiation of the Supplemental Security Income program in January 1974, childhood disabilities were evaluated for the first time. A supplement to DISM describes criteria for evaluating some childhood impairments and states that the adult medical listing should be used to evaluate others. State agency officials said that childhood impairments were difficult to evaluate using the adult listings, because the symptoms and signs may not be the same. Proposed supplemental listings of impairments for title XVI child claims were disseminated to regional offices for comment on July 25, 1975. HEW, in commenting on our draft report, said that State agency input was limited to one State agency in each region, with the realization that all State agencies had a prior opportunity for input and would have an additional opportunity to comment on the listing during the 30-day period following its publication as a Notice of Proposed Rulemaking.

At the time of our review in the latter half of 1975, this guidance still had not been formalized for use by the State agencies.

The States also complained that they were not given ample opportunity to review and have input into changes in instructions and policies issued by SSA. State officials said their input would probably eliminate a lot of the current problems and confusion. They said many of the problems seemed to result from instructions written by people in an "Ivory Tower" who did not fully understand the operations of the State agencies and, therefore, could not anticipate negative effects that might result.

SSA regional officials also expressed concern with their lack of input into changes in instructions and policies issued by the central office. One official said problems resulted, in part, from different bureaus within the central office issuing changes in policies and instructions affecting State agencies' operations which were not coordinated and which conflicted with each other.

Officials from State agencies and SSA regional offices complained about their inability to obtain clarification on policies and instructions from the SSA central office. Since regional offices do not issue policy, they can only try to interpret that issued by the central office. Lack of response from the central office and the inability of the regional offices to provide the States guidance, in some instances, has resulted in State agencies issuing their own interpreta-

tions of instructions and policies with no assurance that they are uniform.

The State agencies we reviewed indicated little satisfaction with SSA's leadership and policy guidance. One State agency reported that the current system did not provide adequate instructions on national program policy. In its opinion, disability determinations will not be uniform until more precise vocational guidelines are developed and new instructions are clearly written, appropriately cross-referenced with existing ones, and properly coordinated with instructions to SSA district offices on the same subject. Another stated that the quality, format, and timeliness of the disability determination process was poor and that the cost of working with such an inefficient system was incalculable. Other States' opinions on the adequacy of instructions ranged from "confusing" to "it is necessary to develop our own."

In our opinion, the numerous problems related to the inadequacy of SSA's criteria and instructions provided to the State agencies support the need for SSA to adopt a stronger and more active leadership role in managing the disability determination process.

LACK OF UNIFORM TRAINING PROGRAMS

The training provided employees of the various State agencies varies greatly in form, content, and length. These variations resulted, in part, because the agreement between the Secretary of HEW and the 10 States gave State agencies the responsibility for developing and providing training for their employees and SSA did not assure that uniform training was provided. As a result, State agency personnel could receive varying degrees of training on the technical and medical requirements necessary to uniformly and efficiently adjudicate claims. Appendix II highlights the more significant variations in the State agencies' training programs.

SSA input into State agency training programs

State agency officials said that the only assistance SSA had given them in developing their inhouse training programs was a training aid called INSTRUX.

INSTRUX was developed by INSTRUX, Inc., for SSA central office and State agency employees. It was made available to the State agencies to use as a training aid because of the workload increase that occurred when the SSI program began.

At that time, the State agencies had to almost double the size of their staffs.

The INSTRUX program was intended to (1) promulgate the philosophy of the disability program, (2) define the role of State personnel and their responsibility to claimants, and (3) establish uniformity in such concepts as developing and evaluating evidence, determining the severity of physical and mental impairments, and weighing vocational factors. The States were not required to use INSTRUX in their training programs. Accordingly, the extent of its use by the States varied greatly.

Even though some States used INSTRUX extensively, most States agreed that it was inadequate because it (1) is outdated and has not been revised since it was published in 1973, (2) contains no reference to SSI claims, which comprise about half of the States' workload, (3) does not define technical terms, (4) does not discuss the concepts behind issues on cases that are frequently encountered, but which do not meet the criteria for approval or denial, (5) does not clearly define the weight that should be given to vocational factors, and (6) lacks flexibility in its overall design. State agency officials said these deficiencies need to be corrected to make INSTRUX an effective training tool.

Variations in State agency training programs

Nine of the 10 State agencies provided initial training for their disability examiners in formal classrooms and on the job, whereas one State's program consisted only of on-the-job training. INSTRUX contains 19 parts and the extent of its use varied among the States. Three State agencies used all 19 parts, 3 used 10 to 18 parts, 3 used 1 to 9 parts, and 1 did not use any. States supplemented their training programs with medical lectures and films.

On-the-job training for those States that used INSTRUX consisted of adjudicating actual cases and sample cases from INSTRUX. In the State that did not use INSTRUX, on-the-job training consisted of adjudicating actual cases. The length of initial training provided disability examiners varied from 6 to 24 weeks among the States.

Only three State agencies provided any formal training for their supervisors.

Training provided medical consultants also varied among the State agencies. For example, five States provided formal classroom training on the disability program and five did not. The length of training provided varied from 2 days to 12 weeks.

State agencies provided varying degrees and types of inhouse ongoing training. Only two had a formal ongoing training program for their supervisors, medical consultants, and disability examiners. Two provided formal ongoing training only for their disability examiners and five provided intermittent training to individual examiners whenever the need was identified by individual supervisors. One of these five also provided intermittent training to its medical consultants. One provided no ongoing training for its professional staff.

SSA central and regional offices have provided some training to State agency personnel. However, this has been sporadic and not all the States have participated. In addition, SSA has sponsored short-term training courses for State agency personnel at a university. The extent of participation in these courses by the State agencies has also varied. Some States do not participate at all. Employees are generally selected to attend these courses on the basis of their length of tenure, workload, and interest in attending, not necessarily because they need the training.

This training's value is also questionable. State agency officials said that the greatest benefit employees received was meeting other State agency personnel and exchanging ideas and experiences regarding the disability program. They said some of the short-term courses were not well organized or developed and often did not cover the subject matter in depth. Officials also said the presentation of some courses lacked coordination. We were told that during a course on due process, personnel from different State agencies expressed conflicting ideas but the teaching staff did not try to resolve the conflicts. SSA officials from one region said that the training given at the university sometimes conflicted with training the region presented to the State agencies. We found that SSA did little or no monitoring of this program and had little or no input into the courses presented. In a July 22, 1975, memorandum SSA notified its regional offices of its disassociation with the university after the current school year. Future training commitments, if any, would be handled directly between the university and the State agencies.

- - - -

It appears that to implement a national program, achieve uniformity to the greatest extent possible, and conduct the program in the most efficient manner, adequate and uniform training is a basic need. SSA regional officials and State agency personnel agreed that uniform training was needed for all State agency personnel. They further agreed that greater uniformity and program efficiency should result from such training.

INEFFECTIVE QUALITY ASSURANCE ACTIVITIES

SSA has established a three-tier quality assurance system to assure uniform application of disability standards nationwide. This system is supposed to (1) identify problems related to individual examiners, individual State agencies, and the entire disability determination system and (2) provide feedback to the proper levels so that corrective action can be taken. If this system is to function properly and achieve its intended results, it has to be properly established and implemented at all three levels involved--the State agencies and the SSA regional and central offices.

The quality assurance system is not fully effective because:

- The system is not properly established or functioning in all State agencies.
- The feedback from all levels within the system has been inadequate.
- The trend analysis and special studies intended to correct systemwide problems are nonexistent.
- The sample size being reviewed at all levels may not be adequate.
- SSA's criteria for returning cases to State agencies for review and reconsideration may be too restrictive.

We believe the quality assurance system as implemented, provides little assurance that problems related to the disability determination process are identified and that corrective action will be taken. Accordingly, the system is not achieving its objective of assuring program uniformity nationwide.

Three-tier quality assurance system

Before the implementation of the three-tier quality assurance system in 1974, SSA conducted a preadjudication review of most State agency disability determinations. Questioned cases were returned to the States' agencies for review and reconsideration. SSA changed from the 100-percent review procedure when it believed there had been a leveling off of the rate of progress of the State agencies in improving the quality of their disability determinations. It tried to devise a more efficient and effective quality assurance system based on a sample review of claims. Under the sample review concept, the States were to accept more responsibility for self-assessment and improvement in the quality of their work. SSA believed that sharing this responsibility with the States would produce better results than continuing the 100-percent review. It further believed that the sample system would give it an adequate check of State agency operations and allow for more substantive policy guidance by its review and comments on a smaller number of cases.

SSA is now using a three-tier quality assurance system for monitoring the quality of State agencies' disability decisions. The first tier is a preadjudicative sample review provided by quality assurance units in the State agencies. The second tier consists of a postadjudicative review by the SSA central office for title II claims and regional offices for title XVI and concurrent title II claims. A sample is selected and forwarded by the State agencies for all these types of claims with the exception of title II approvals, which are selected by the SSA central office. The third tier is supposed to be an end-of-line review and appraisal by the SSA central office of the title XVI claims process.

Weaknesses in the quality assurance system

Under the present quality assurance system, each State agency is required to establish a quality assurance unit. This unit is responsible for improving its operations by reviewing a sample of the disability claims it processes, analyzing the results of that review, and conducting special studies.

State agencies have placed varying degrees of emphasis on their quality assurance activities. For example, 8 of the 10 States said they lacked enough quality assurance staff resources to comply with the SSA requirements. One State conducts its quality assurance activities on a part-time basis.

An official of another State said he does not have sufficient quality assurance staff resources to review the minimum number of sample cases required by SSA.

In several instances, other States did not review the proper sample size of cases processed or furnish the proper number of sample cases to SSA regional and central offices for their review. Also, several States discontinued or drastically reduced quality assurance activities when pressed to expedite large backlogs of pending claims.

We believe such action may be undesirable. In view of the wide variance in State agency disability claims decisions, as discussed on page 8, and the need for uniform consideration for all claimants, we believe it is inappropriate to eliminate or curtail the quality assurance function during heavy workload conditions. In our opinion, such conditions indicate the need for more, rather than less, quality assurance activities.

The States reviewed felt that the feedback from the regional and central offices was inadequate. The SSA feedback that the State agencies do receive is usually viewed by them as indicating a problem with an individual disability claim and is considered an insufficient basis on which to develop trends of general problem areas. Unfortunately, some States also hold the same view towards feedback from their own quality assurance units. While some State agencies had conducted some trend analysis and special studies and had attempted to relate feedback from their quality assurance function and SSA to training needs, several States did not. Thus, little or no corrective action has been or can be taken at the State level to assure uniform application of disability standards within the individual States.

Some regional officials said adequate staff was not available to do indepth trend analysis of problems identified in the States within their regions. They said by the time statistics were compiled related to problems identified during a month's operation, it was time to start over. They said that they were planning to use computer facilities to tabulate statistical data and that hopefully they would be able to do more indepth reviews and analyses.

An indepth evaluation of quality assurance statistics should permit SSA regional offices to effect or recommend necessary corrective action for the States within their regions to assure uniform application of disability standards.

However, because of the breakdown of the quality assurance mechanism, inadequate or nonexistent feedback at this level, and a lack of sufficient personnel, the regional offices cannot.

Feedback given by the SSA central office to the regional offices after its review of sample claims is sparse. In some cases, it is nonexistent or delayed so long as to be of little value, or simply was never released for dissemination to the field because the sample was known to be defective. We were told that it would be many months before the sample's reliability would permit release of meaningful analysis to the field.

Regional office officials said that some feedback they received from the central office was not passed on to the State agencies, because it was of insufficient magnitude to be meaningful. They said the States would not be able to use the data to take any necessary corrective action and, therefore, would be embarrassed to give it to them.

Some regional officials felt that the size of sample cases reviewed by SSA may be too small, especially at the central office level. They said that the number of cases reviewed from each State does not generate enough meaningful data on which to base conclusions that changes are needed. The chief of one regional case review section said that the drop by SSA from a 100-percent review to the present 10-percent level was too drastic and SSA should still review about 25 percent of all cases.

We believe that even if the present quality assurance function was operating properly at the State level--and adequate feedback was received from each level--problems having national significance would not and could not be identified and corrected unless trend analyses were also conducted at the SSA regional and central office levels.

In our opinion, to assure uniform application of disability standards, the SSA regional offices should evaluate the trends of problems identified by individual States within their regions to see if they are widespread and take whatever corrective action within their control. Then, in turn, the central office should evaluate regional trends to determine whether national problems exist and take corrective action when necessary.

Limitations of the clear
decisional error concept

In our opinion, the present quality assurance system's effectiveness has been further compromised by the clear decisional error concept. Under this concept, only disability claims containing clear and obvious errors relating to medical documentation are returned by SSA to the States for additional development and consideration. This practice has considerably reduced the number of questionable disability claims that are returned to the State agencies.

The objective of the clear decisional error concept was to expedite payments to claimants by placing more responsibility on the States and less on SSA--with a corresponding saving of time--for final development of decisions.

According to SSA regional officials, this concept is so narrowly defined that it covers only a small percent of disability claims which appear questionable to SSA. The major areas not covered are claims involving vocational factors and claims where SSA does not agree with the judgment of the State agency disability examiners. One SSA regional official said a claim containing an obvious error in the evaluation of vocational factors could not be returned if the file included any medical evidence. This is an important point, because as previously discussed, numerous disability claims include consideration of vocational factors and, in many instances, an allowance or denial depends on proper evaluation of them.

A SSA central office official said that the impact of the clear decisional error concept on the program is unknown and that more time is needed to study it.

Our sample of claims showed that the interpretation and the application of disability standards differ widely among SSA and the States. It appears that the present clear decisional error concept may effectively restrict, albeit unintentionally, a certain measure of SSA control and a channel for SSA input to the States concerning their disability decisions. Accordingly, we believe SSA should broaden its present concept of clear decisional error to include those claims which involve vocational factors or disagreement with the judgment of State agency disability examiners.

CHAPTER 3

STRONGER LEADERSHIP IS NEEDED BY SSA

TO IMPROVE THE EFFICIENCY OF THE

DISABILITY DETERMINATION PROCESS

The function of each State agency in the disability determination process is the same--rendering decisions as to whether or not a claimant is disabled. However, the means used to reach those decisions differ considerably among the States. For example, State agencies rendering these decisions (1) were located at varying levels within the governments, (2) were organized and staffed differently, and (3) used different claims-processing procedures. These differences resulted, in part, because the agreements between the Secretary of Health, Education, and Welfare and the States gave them the responsibility for determining these factors.

We did not measure the extent to which these differences affected how efficiently the State agencies were operating. Nevertheless, State agency and Social Security Administration regional officials agreed that such factors can have an adverse impact.

SSA has not conducted an overall study of the differences among State agency operations nor made any attempt to develop a model or standard organization which could give the States guidance on (1) where to locate the agency within the State government, (2) optimum organization and staffing mixes, and (3) how to streamline and standardize, to the extent practicable, their claims-processing procedures. Also, there have been problems for several years with the adequacy of the medical and disability reports provided to State agencies by SSA district officials. This problem has not been corrected, even though State agency officials said it hurts the efficiency of their operations.

In our opinion, the above factors point to the need for SSA to adopt a strong and more active leadership role in managing the disability determination process.

FACTORS CONTRIBUTING TO SSA'S LACK OF LEADERSHIP

Although the present Federal-State relationship has existed for over 20 years, we do not believe the principals'

roles are adequately defined in the contractual agreement between the Secretary of HEW and the States. We believe that, from a management standpoint, this relationship has been awkward at best for both parties. Under the agreement, the States are given the responsibility for establishing their individual organizations, training their employees, and determining their workflow processes. Fifty-four State ^{1/} agencies evolved out of this arrangement. They have different organizations and processes, are located at different levels within State governments, lack uniform training programs, and are trying to administer part of a national program uniformly and efficiently.

For example, even though the agreements preclude the States from imposing restrictions which would be detrimental to the program, some States have done this. In these situations, a State agency can accept recommendations from SSA and obtain relief from the State by claiming that action has to be taken because it is a Federal program, or they can tell SSA that recommendations cannot be adopted because of State restrictions. In our opinion, the absence of clearly defined contractual responsibilities and the lack of strong leadership by SSA has abetted the existence and continuation of this practice.

However, under the agreements, the only direct management control SSA regional officials have over the operations of State agencies is the reviewing and approving of their annual budgets. Other than that, these officials have to rely on "friendly persuasion" or "pressure tactics" to bring about needed changes in State agency operations. Even though they lack any direct authority over the States, regional officials are held responsible by the central office for State agency production results.

LOCATION IN THE STATE ORGANIZATION AND STATE IMPOSED RESTRICTIONS

The location of the State agency in the State government organizational structure is significant when considering the possible adverse influence local politics and changes in the State administration may have on the stability and autonomy

^{1/}There is one State agency in each State, the District of Columbia, Puerto Rico, Guam, and a separate agency for the blind in South Carolina.

of the unit. State laws and practices influence and control many administrative aspects of this Federal program, since the personnel are State employees and they receive direction from various levels of the State government.

In several States the State agency was under the jurisdiction of a commission or a board and, thus, not under the direct influence of the executive branch. To some extent, this position tended to isolate the activity from the turmoil normally resulting from periodic changes in State government.

In other cases, the State agency was positioned at various levels on the State government organizational ladder. Sometimes its designation and position under a State department, bureau, division, or whatever, placed it in the mainstream of political manipulation, thus subjecting it to frequent reorganizations and changes which could adversely affect claims processing and employee morale.

For example, one State kept its agency under the jurisdiction of the same department for about 18 years before a reorganization placed it in a newly formed department. Nine months later its director for nearly 19 years departed and was succeeded by three successive replacements, within a time-frame of about 8 months. In our opinion, this action resulted in confusion and an unsettled work situation.

We were told that in other cases a lower position on the organizational ladder does not effectively insulate the agency from political influence and may result in increased overhead cost for support provided by other State departments. For example, one State agency said SSA authorized its parent department an allowance of about \$3.4 million for support. The State agency, through its own analysis and cost computations, valued the support it actually received at only about \$610,000, or 18 percent of the amount paid by SSA.

Because of the nature of the State agencies--they are staffed by State employees--certain State laws and practices, although not necessarily detrimental to other State components, tend to create problems. Some States exert control over hiring practices, use of overtime, out-of-State travel, equipment justification, budget preparation, and staffing ratios.

Although in some cases these restrictions may be little more than petty annoyances, in our opinion, in other instances they may hinder the efficient and economical operation of the

State agency. For example, one State had been authorized overtime by the SSA regional office to alleviate a backlog of pending claims that had reached critical proportions. Immediate action was required, but the overtime could not be effectively used because State regulations required it to be approved 30 days in advance.

One State agency had planned for nine employees to attend an SSA-sponsored quality assurance seminar in an adjoining State, but could not obtain approval for out-of-State travel from its parent organization. Subsequently, approval was obtained for only two employees. SSA regional office officials believed this restrictive State policy adversely affected this State agency's quality assurance activities.

Most States require justification for procuring equipment in addition to SSA's approval. In several cases, State agencies were unable to obtain concurrence for procuring needed equipment because the States' finance department and SSA could not agree on the amount and/or the type of equipment appropriate. Thus, imposing a restrictive procedure may impair State agencies' ability to obtain equipment necessary for their efficient operation.

An official of one State agency described budget preparation as an empty exercise, because its analyses are unilaterally disregarded by SSA. He and other officials said the State and Federal budget processes are out of phase because Federal budget data is completed long before State input is available. Other States also expressed concern regarding the budget process. An official in one State complained that it was necessary to manipulate voluminous data into two different budget formats which were not compatible with either the source information or with each other. He said this process was time consuming and costly and questioned the necessity for these different formats.

In our opinion, the actual and potential adverse impact on the disability determination process, resulting from the location of the State agency within the State government and the imposition of State restrictions is, or could be, of sufficient severity to interfere with efficient operations.

We believe that the adoption of a stronger and more active leadership role by SSA could eliminate much of the impact of these practices and contribute greatly to the more efficient and economical operation of the State agencies.

VARIANCES IN STATE AGENCY ORGANIZATIONS
AND CASE-PROCESSING PROCEDURES

The organizations established by the State agencies to carry out their disability determination functions differed greatly. SSA allocates the number of staff positions a State agency can have each year on the basis of estimated annual caseloads. Besides providing the States with criteria on the number of medical consultants and quality assurance staff they should have, SSA has allowed each State to determine its staffing mix and use. In some instances, State requirements have affected how the agencies were staffed; in other cases, this was left up to the agency director. For example, some States have requirements for the number of clerical and supervisory personnel each State organization must have in relation to its other employees. One variable in staffing was the ratio of supervisors to disability examiners. In the 10 States reviewed, this ratio ranged from 1:4 to 1:11.

The differences in the way the State agencies were organized and staffed resulted in differences in processing of claims. For example, some States were separated into regions, branches, and areas. One State's claims-processing units were organized as single entities which included examiners, medical consultants, and clerical staff. Another had units which only included examiners. Others had units which contained examiners and clerical personnel, while the medical consultants were assigned to separate units. At the time of our review, several States were revising their organizations to achieve the best results.

The manner in which disability claims were controlled and the methods used to obtain information necessary to render decisions, differed greatly among the States. For example, (1) different methods were used to identify and control the movement of claims within the State agency and to provide data for reports required by internal management and SSA, (2) the number and type of forms and form letters used differed considerably, (3) some States used programmed equipment to handle correspondence while others did it manually, (4) some States used telerecorder equipment to speed up the receipt of medical information while others waited for doctors to submit written reports, and (5) some States developed control procedures which provided timely followup on claimants' consultive medical examinations while others did not.

State agencies received some assistance from the SSA regional representatives, but they established their own

organizations, staff mixes, and case-processing procedures. In addition, no adequate mechanism is available through which the States can exchange ideas to improve their operations. Accordingly, the State agencies have often had to resort to trial and error techniques to try to improve their operations. Even under these circumstances, some of their efforts have been very successful. For example, one of the smaller State agencies reviewed recently completed a work simplification project, with the help of a consultant, which has streamlined its case processing and reduced the number of standard forms and form letters used. Agency officials estimate that these improvements will result in annual savings of about \$130,000. Another State agency has begun a similar study on its own. The official in charge said that he was not aware of the other State's project and that he had not received any assistance from SSA officials.

State agency officials said the organization, staffing, and case-processing procedures could affect claims-processing time, quality of adjudication, and claims error rates. Officials from several States said that they wanted SSA assistance on organizing and staffing their agencies and improving their case-processing procedures. They said such action would improve the efficiency of their operations.

In our opinion, SSA's inaction in providing the State agencies with guidance on how to better organize, staff, and design their case-processing procedures further supports our belief that SSA has not taken a strong and active leadership role in managing the disability determination process. We also believe that, if one of the smaller States on its own initiative can save an estimated \$130,000 a year by improving its operations, considerable program savings could result if SSA will, in cooperation with the State agencies, develop a model or standard that can be used as guidance by all 54 State agencies.

CENTRALIZED VS DECENTRALIZED OPERATIONS

Eight of the 10 States operate from a centralized location. Two States, California and Florida, operate from headquarters offices located in their State capitals and have area and regional offices located throughout their States. Officials from these States said they decentralized their operations to locate offices near high concentrations of potential disability applicants and medical practitioners.

Although they said administrative costs may be higher under this arrangement, they believed the benefits gained more than offset any additional costs. They said decentralization resulted in the following benefits:

- Closer working relationships with the medical profession.
- Readily available sources of medical information.
- Faster and more uniform service to disability applicants.

Ohio is planning to decentralize its operations for the same or similar reasons and Indiana plans to consider decentralization.

Officials from three other States said a centralized operation was the most effective for them in terms of cost and case control. Texas officials said they believe a decentralized organization would cost significantly more and would be difficult to accomplish with a sufficient number of offices to accommodate their broad geographical area.

SSA has not conducted any studies to determine when it might be advantageous for a State agency to decentralize. Rather, SSA's position is that the State agencies must take the initiative by submitting a formal proposal on the advantages and disadvantages of decentralization. State proposals must be supported by a cost/benefit study and are considered on an individual basis.

IMPACT OF DISTRICT OFFICE OPERATIONS ON THE DISABILITY DETERMINATION PROCESS

SSA district offices are the points of original contact for all applicants for disability benefits. Therefore, district office personnel need to be thoroughly familiar with the disability programs to properly and efficiently gather information pertinent to a disability determination.

Much of the data gathered by the district offices during the initial interview process is deficient and often does not include an adequate description of the claimed disability. Officials in all the States reviewed said the quality of district office information has always been poor, but this deteriorated even further since Supplemental Security Income began. Officials complained that this deficiency results in

significantly increased processing time, additional consultative examinations, and may contribute to inappropriate decisions.

State agencies are authorized to approve disability benefits for title XVI claims before obtaining complete medical evidence if the information in the claim file indicates the applicant is disabled. We were told that inadequate observations by district office personnel often preclude an interim decision based on a presumptive disability. District office personnel are also responsible for obtaining signed medical releases from the claimant. This is not always done and, thus, claims processing is often delayed.

Nationally, the workload of the district offices has almost doubled since the inception of the SSI program. The national work units produced increased about 97 percent during the 2-year period ended June 30, 1975, while the full-time permanent staff increased only about 24 percent. To handle the increased workload, temporary, part-time, and term staffing positions were increased and considerable amounts of overtime were used. The increased workload and the disadvantage of using temporary employees and overtime probably contribute, in part, to the decline in the quality of information furnished by the district offices.

Another contributing factor may be that adequate training is not provided district office claims representatives. In one region, only 6 hours out of a 9-week training program were devoted to the initial disability interview process, although this vital function accounts for a significant portion of each district office's workload. SSA officials agree that many district office problems result from a lack of adequate training of personnel and said they plan to provide refresher training for claims representatives.

In commenting on our draft report, HEW said:

"A balanced view of the DOs [district offices] performance must give greater emphasis to the increased responsibilities recently given them. Some of the major ones impacting heavily on the DOs concern the processing of determinations of substantial gainful activity, systems modifications to trigger payment of claims, retention of denial folders, final review of technical denials, and the implementation of the informal remand procedure. The need to absorb these added responsibilities and provide necessary training has seriously strained DO resources and facilities."

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The disability determination process has suffered from the lack of a strong and active leadership by the Social Security Administration. This has been manifested by SSA's failure to (1) provide the State agencies with adequate and timely program criteria and instructions, (2) assure that uniform training was provided to all State agency employees, and (3) assure that its quality assurance system functioned properly. In addition, SSA has made little effort in providing guidance to the States in developing more effective and more efficient State agency operations. Further, SSA has not taken the action necessary to improve the input to the State agencies from its district offices.

SSA needs to take a stronger and more active leadership role in its management of the disability determination process to correct these weaknesses. In taking this action, it needs to recognize and use the expertise that is available in the State agencies.

The States need to recognize the need for and cooperate with SSA in its adoption of a stronger and more active leadership role. This may result in giving up some of their past prerogatives, such as determining their own organizations and workflow processes and developing their own training programs.

We believe the present Federal-State relationship can work if these actions are taken.

The Social Security Act, as amended, intended that applicants for disability benefits receive objective, uniform, and equal consideration of their claims, regardless of where they are filed.

Presently, there is no mechanism to effectively compare and evaluate the uniformity of State agency disability determination decisions. We believe that SSA needs this information to fully discharge its responsibilities. SSA needs to study the feasibility of establishing a statistically acceptable mechanism to determine and evaluate the uniformity of disability determinations on a regional and national basis.

RECOMMENDATIONS TO THE SECRETARY OF HEW

We recommend that the Secretary direct the Commissioner of SSA to take the action necessary to assure that his agency (1) adopts a stronger and more active leadership role in the management of the disability determination process and (2) cooperates with the State agencies to:

- Make sure the States are provided timely and adequate criteria and instructions for carrying out their responsibilities.
- Be sure uniform training is provided all State agency employees.
- Determine that the quality assurance system is adequately implemented.
- Develop a model or standard for use for guidance to the State agencies in establishing their own organization and case-processing procedures.
- Improve the quality of the input to the State agencies from its district offices.

We recommend also that the Secretary direct the Commissioner to:

- Review the agreements with the State agencies and suggest revisions to clearly define the responsibilities of each party consistent with a uniform disability determination process.
- Resubmit a proposed new medical criteria listing for use in determining disability to the regional offices and State agencies for review and comment.
- Study the feasibility of establishing a mechanism to systematically evaluate the uniformity of disability determinations on a regional and national basis.

CHAPTER 5

AGENCY COMMENTS AND OUR EVALUATION

In a letter dated June 7, 1976 (see app. III), the Department of Health, Education, and Welfare made specific comments on a draft of this report which we considered in preparing the final version. HEW expressed concurrence with the seven recommendations 1/ contained in the draft report and discussed the Social Security Administration's plans for implementing them.

While agreeing with the recommendations--calling them "basically sound"--HEW expressed serious reservations as to the validity and representativeness of our findings because of the sampling and interviewing techniques we used in conducting the audit.

HEW said the results from our sample of 221 claims was too small to be representative of the 2.5 million disability claims processed in 1975. It noted that (1) the sample was drawn from a single State agency, (2) there were 21 concurrent cases which were counted twice, (3) a number of the sample cases did not contain all of the material evidence included in the original case files, and (4) the State agencies' knowledge that the sample cases were to be processed for us undoubtedly biased both the handling of the cases and the decisions that were reached.

Before we selected our sample, the manner of selection and the use of its results in our report was discussed with officials from SSA's regional and central offices as well as from State agencies. Concurrence with these officials was reached on (1) how the sample was to be selected, (2) how the results could be used, (3) the representativeness of the State from which the sample was selected, (4) what information contained in the files was pertinent to the decisionmaking process, and (5) what instructions should be given to the State agency personnel to eliminate, to the extent possible, any bias in the readjudication of the sample claims.

1/An eighth recommendation, concerning a systematic evaluation of the uniformity of disability determinations, was added to the report after consideration of HEW's comments.

HEW's comment that 21 concurrent claims were counted twice infers that the sample's results may be invalid or tainted. Our sample of 200 cases, which included 21 concurrent claims filed under both title II and title XVI--a common practice where disability may be applicable under both titles --was randomly selected on an end-of-the-line basis. Rather than eliminating concurrent cases, we included them so that the sample would approximate the case mix of the State agency. Inclusion of the 21 concurrent claims increased to 221 the total number of individual decisions that could be rendered on our sample by the reviewing States. The States reached the same decision in 16 (76 percent) of the concurrent cases. Thus, including the concurrent claims improved the degree of uniformity found.

Our test sample is unique in the disability program's experience and, perhaps because of this, HEW expressed reservations as to its usefulness.

To our knowledge, no studies had been made to show specifically how different States adjudicate claims or to compare the uniformity of their decisions. We used the test sample to fill this void and to obtain information on the uniformity of decisions among States using the same cases and identical information. The test results were not derived from a random sample that was intended to be projected to the universe of the 2.5 million disability claims processed in 1975, or even to the total claims processed by the source State.

While our test may not be conclusive in relation to a total universe, it is a good indicator of the extent of uniformity of disability determinations among the 10 States.

Before reproducing the sample cases, we met and reached agreement with SSA and State agency officials on the data needed for the decisionmaking process. All such data in the original case file at the time we selected the sample was included. Despite all precautions, it is always possible that a document could have been out of file at the time the files were reproduced.

SSA provided us with a list of eight cases which they said lacked all material evidence. While this may be so, it would appear that the lack of this documentation had little, if any, effect on the uniformity of decisions, since all the review States made their deliberations based on the same information.

HEW expressed concern about our use of information obtained by interviewing agency officials. HEW commented that,

"* * * Based on anecdotal material and statements from a small number of State and regional officials, GAO proceeded to draw conclusions about how we should considerably revamp Federal-State relationships and agreements."

We interviewed responsible officials at the SSA central office and at 5 of the 10 regional offices, as well as the 10 State agencies which process more than one-third of the disability determinations. Interviewing responsible agency officials as an audit technique is an acceptable and necessary methodology used in many of our reviews. Those officials interviewed were working daily in all phases and at all levels of the disability program.

Our two recommendations directed specifically toward Federal-State relationships concern SSA's (1) developing a model or standard which would provide the States with organizational guidance and (2) reviewing its agreements with the State agencies and suggest revisions to define the responsibilities of each party. Neither of these recommendations suggest a considerable revamping of Federal-State relationships and agreements.

HEW commented that the draft report seemed to link together three factors and attribute a cause-and-effect relationship to them. These three factors were: (1) the substantial growth in number of beneficiaries and expenditures in the disability program in recent years, (2) the lack of strong and active leadership by SSA, and (3) the recommendations made in the draft report which suggest that strengthened Federal agency-State agency relationships and controls will significantly affect the future growth of the title II disability program, as well as the efficiency and equity of program administration.

We do not understand how HEW interpreted our draft report to show a cause-effect relationship between the three factors discussed above. Information pertaining to the growth of the disability programs was provided only as background information so the reader would be aware of the size of the program. It was not discussed in the chapters covering our findings, conclusions, and recommendations.

Our draft report did not in any way relate the past or

future growth of the disability programs to the lack of strong and active leadership on the part of SSA. However, in chapters 2 and 3, we clearly suggest a cause-effect relationship between the lack of a strong and active leadership by SSA and the lack of uniformity in the adjudication of disability claims. We also believe SSA should improve the efficiency of the disability determination process.

HEW's comments on our first recommendation--that SSA assure that the States are provided timely, adequate criteria and instructions for carrying out their responsibilities--indicates a misinterpretation on its part of our finding. HEW said,

"GAO's finding relative to this recommendation is not so much that SSA did not provide timely and adequate instructions, but rather that there was a problem in providing formal manualized changes and a mechanism for obtaining comments to such changes from the State agencies and regional offices."

On the contrary, the biggest problem relative to the criteria and instructions was that they were untimely and inadequate. In our opinion, the report clearly presents and discusses this problem on page 10 and subsequent pages.

HEW expressed concern that the draft report did not sufficiently emphasize the severe operational and administrative demands placed on SSA during the period leading up to our review. HEW said personnel and resources had to be diverted to make ready for the Supplemental Security Income implementation and, in the States, the case workload doubled and staffs had to be greatly expanded. HEW added that (1) it was necessary to develop and issue instructions to the State agencies on the handling of unforeseen workloads without an opportunity to follow the normal clearance process in all situations, (2) most State agency quality assurance systems had to be temporarily suspended during a part of 1974 so that the extraordinary workload could be processed, and (3) State employee training suffered greatly during this period.

The advent of the SSI program had a significant effect on SSA operations and administration and, in particular, on the timely issuance of accurate criteria and guidelines to the State agencies. Also, there is no doubt that State agency operations were adversely affected by the expanded and inexperienced staffs needed to adjudicate the influx of

SSI claims. In a survey of the 54 State agencies, conducted by the staff of the House Subcommittee on Social Security, the two most frequently mentioned problems with the implementation of SSI were unsatisfactory criteria and guidelines and an inadequate teletype system.

We agree that the problems discussed in our report were probably accentuated by the SSI program, but many are the result of program weaknesses of long standing and considerably predate its implementation.

Authorizing legislation for SSI was enacted in October 1972, but the title II disability program has existed for over 20 years. More definitive criteria and guidelines, improved uniform training for State agency employees, a standard or model for State agency guidance, clarification of contractual responsibilities, and a mechanism for systematic evaluation of the uniformity of disability determinations could have been developed and implemented long before the advent of SSI. At the time of our review, about 3 years after SSI was authorized, these needs were still unsatisfied.

In summary, HEW commented that any administrative steps taken to implement our recommendations will probably have only a marginal effect in overcoming the problems discussed in our report.

While not offering any suggestions as to what actions it believed are necessary to remedy program weaknesses, HEW apparently attempts to support its view by citing such elements as

"* * * the extent to which court decisions and legislative decisions embedded in the statutory base of the program play a part in constraining uniform administration of the program * * * the inherently subjective and complex definition of disability in the law,"

and the limitations on the Secretary's authority to change decisions.

We do not share HEW's pessimism about the present Federal-State relationship. While complete uniformity of disability determinations will probably never be attained because of the subjective elements involved, if our recommendations are conscientiously and intelligently undertaken they should go far toward improving the disability determination process.

If, however, administrative action by HEW does not achieve the degree of success necessary to acceptably strengthen program operations, then it should approach the Congress with a plan for improvement through legislative change.

NINETY-FOURTH CONGRESS

AL ULLMAN, OREG., CHAIRMAN

WILBUR D. MILLS, ARK.
 JAMES A. BURKE, MASS.
 DAN ROSTENKOWSKI, ILL.
 PHIL M. LANDRUM, GA.
 CHARLES A. VANK, OHIO
 RICHARD H. FULTON, TENN.
 OMAR BURLESON, TEX.
 JAMES C. CORMAN, CALIF.
 WILLIAM J. GREEN, PA.
 SAM M. GIBBONS, FLA.
 JOE D. WAGGONNER, JR., LA.
 JOSEPH E. KARTH, MINN.
 OTIS G. PIKE, N.Y.
 RICHARD P. VANDER VEEN, MICH.
 J. J. PICKLE, TEX.
 HENRY HELSTOSKI, N.J.
 CHARLES B. RANGEL, N.Y.
 WILLIAM R. COTTER, CONN.
 FORTNEY H. (PETE) STARK, CALIF.
 JAMES R. JONES, OKLA.
 ANDY JACOBS, JR., IND.
 ABNER J. MIKVA, ILL.
 MARTHA KEYS, KANS.
 JOSEPH L. FISHER, VA.

HERMAN T. SCHNEEBELI, PA.
 BARBER B. CONABLE, JR., N.Y.
 JERRY L. FETTS, CALIF.
 JOHN J. DUNCAN, TENN.
 DONALD D. CLANCY, OHIO
 BILL ARCHER, TEX.
 GUY VANDER JAGT, MICH.
 WILLIAM A. STEIGER, WIS.
 PHILIP M. CRANE, ILL.
 BILL FRENZEL, MINN.
 JAMES G. MARTIN, N.C.
 L. A. (SKIP) BAFALIS, FLA.

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

TELEPHONE (202) 225-3625

February 20, 1975

JOHN M. MARTIN, JR., CHIEF COUNSEL
 J. P. BAKER, ASSISTANT CHIEF COUNSEL
 JOHN K. MEAGHER, MINORITY COUNSEL

B-164031(4)

Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 441 G Street, N. W.
 Washington, D. C. 20548

Dear Mr. Staats:

The Social Security Subcommittee would greatly appreciate the immediate allocation of resources to an examination of the State agency operation in determining disability under the Social Security disability insurance program under title II and the Supplemental Security Income program under title XVI. As you are aware, the disability provisions of both programs are acute problem areas in the Social Security program and the State agency operation has been relatively unexamined since your agency's previous study in 1959-60.

The staff of the Committee on Ways and Means summed up the situation in a report issued last summer:

"Contemporaneous with the [Ways and Means] Harrison Subcommittee study in 1959, the General Accounting Office stated that its 'review indicated that the handling of applications for disability benefits by the State agencies is cumbersome and results in unnecessary costs and excessive processing time.' It recommended that the Secretary of HEW 'determine whether the benefits derived from the states' participation in the disability insurance program are commensurate with the costs' and that the Secretary should 'review and evaluate the present Federal-State arrangement to determine the best arrangement for making disability determinations and that he report thereon to the appropriate legislative committees of the Congress.' The staff notes that the Committee has not yet received a report on these matters and that

Honorable Elmer B. Staats

Page -2-

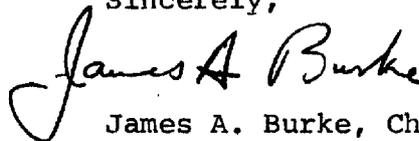
February 20, 1975

many of the deficiencies noted in the GAO study still appear to exist. The staff believes that this is particularly appropriate time (1) for the GAO to review its findings on the State agency operation, and (2) the Secretary of HEW to report to the Committee on Ways and Means whether any structural changes are required."

Prior to any comprehensive study of the nature outlined above, however, the Subcommittee would like you to undertake a limited evaluation of the State agencies in some five or six States. Specifically, we would like you to examine the reasons for the interstate variations noted by the Harrison Subcommittee and the Ways and Means staff study. Also, we would like you to explore the question of what type of control and review of State agencies is carried on by the Social Security Administration and the effect of recent moves by the Social Security Administration to decentralize the disability determination process.

With all best wishes, I am

Sincerely,



James A. Burke, Chairman
Subcommittee on Social Security

JAB/kc

VARIATIONS AMONG STATE AGENCIES' TRAINING PROGRAMS

Type of training	A	B	C	D	E	F	G	H	I	J
Training for disability examiners:										
A. Formal and on the job	X	X		X	X	X	X	X	X	X
B. On the job only			X							
C. Uses the social security training package:										
1. All 19 parts					X	X				
2. 10 to 18 parts	X	X		X			X			
3. 1 to 19 parts								X	X	
4. None			X							
D. Length of training	6 wks.	8 to 16 wks.	varies	6 wks.	8 wks.	12 wks.	8 wks.	24 wks.	6 wks.	16 wks.
Training for supervisors:										
A. Onsite formal		X	X						X	
B. Onsite informal										
C. None	X			X	X	X	X	X		X
Training for medical consultants:										
A. Onsite formal	X	X	X					X	X	
B. Onsite orientation				X	X	X	X			X
C. Length of formal training	1 wk.	4 wks.	1 wk.					12 wks.	2 dys.	
Ongoing training--onsite:										
A. Formal:										
1. Supervisors			X						X	
2. Examiners			X			X	X		X	
3. Medical consultants			X						X	
4. None	X			X	X			X		X
B. Informal:										
1. Supervisors		X								
2. Examiners	X	X		X	X			X		
3. Medical consultants		X								
4. None										X
Ongoing training at a university:										
1. Supervisors	X		X	X	X		X	X		X
2. Examiners	X	X	X	X	X	X	X	X	X	X
3. Medical consultants										
4. None										

APPENDIX II

APPENDIX II



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

JUN 7 1976

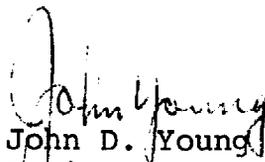
Mr. Gregory J. Ahart
Director, Manpower and
Welfare Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "The Social Security Administration Needs to Provide More Leadership in the Management of the Disability Determination Process." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,


John D. Young

Assistant Secretary, Comptroller

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
ON THE GENERAL ACCOUNTING OFFICE DRAFT REPORT ENTITLED, "THE
SOCIAL SECURITY ADMINISTRATION NEEDS TO PROVIDE MORE LEADER-
SHIP IN ITS MANAGEMENT OF THE DISABILITY DETERMINATION PROCESS"

General

Several years ago the Social Security Administration (SSA) recognized that the rapid and extensive growth in the disability program, caused in part by both the black lung and supplemental security income programs, required a re-evaluation of the disability claims process. As a result, SSA undertook a number of studies and evaluations to identify and develop ways of achieving greater efficiency and smoother operational systems. A number of these initiatives were communicated to the Chairman of the Subcommittee on Social Security of the House Ways and Means Committee in July 1975. Two major efforts were the Brees Task Force and the Boyd Task Force which, utilizing SSA personnel, analyzed the disability claims process and reported an extensive list of recommendations. As a matter of fact, some of the recommendations in GAO's draft report follow very closely the recommendations in these earlier task force reports. Most of the earlier recommendations have been, or are in the process of being, implemented.

To support the major findings and criticisms in the draft report, GAO relies heavily upon (1) its study of 221 disability cases, and (2) various opinions and impressions developed in interviews with State agency personnel and SSA regional and central office employees. We believe that many of the criticisms are greatly overstated, and we have serious reservations as to the validity and representativeness of the findings.

A 221 case sample is too small to be representative of the 2-1/2 million disability claims processed in 1975. Moreover, the sample was drawn from a single State agency and in our opinion, did not contain a valid mix of the different types of disability cases in the national workload. It further appears that 21 of the cases--involving concurrent applications under both title II and title XVI--were counted twice, and that a number of the cases from which GAO worked did not contain all of the material evidence included in the original case files. Finally, the State agencies' knowledge that the

Note: This page was revised by HEW and sent to us on July 16, 1976.

sample cases were to be processed for GAO undoubtedly biased both the handling of the cases and the decisions that were reached.

To provide a more accurate perspective of the matters discussed in the draft report, it is necessary to include some explanation of the severe operational and administrative demands placed on SSA during the period leading up to GAO's review. The most serious impact came from the implementation of the supplemental security income (SSI) program. Personnel and resources had to be diverted to make ready for SSI implementation. In the States, the case workload doubled and staffs had to be greatly expanded. As a result, much of the work was processed by employees with limited experience.

In this emergency situation, SSA staff and teams of examiners visited State welfare agencies to facilitate the conversion of State welfare recipients to the Federal rolls and to verify eligibility in a sample of cases. Special reviews were also made of rollback cases, presumptive disability, and drug addiction and alcohol cases. The rollback amendment created an immediate need to review large numbers of cases within a very constricted time frame. It was necessary to develop and issue instructions to the State agencies on the handling of this unforeseen workload without an opportunity to follow the normal clearance process in all situations. In addition, most State agency quality assurance systems had to be temporarily suspended during part of 1974 so that the extraordinary workload could be processed. State employee training also suffered greatly during this period. Against this historical background, we would like to present our comments concerning the draft report.

This draft report seems to link together three factors and attribute a cause-and-effect relationship to them. These three factors are: (1) the substantial growth in number of beneficiaries and expenditures in the disability program in recent years; (2) "the lack of strong and active leadership by SSA;" and (3) the recommendations made in the draft report which suggest that strengthened Federal agency-State agency relationships and controls will significantly affect the future growth of the title II disability program as well as the efficiency and equity of program administration.

We seriously question whether or not the proposals made by GAO will have a dramatic effect on the size of the program or the uniformity of decisions being made from State to State.

For example, the rates of allowed cases to initial applications have actually declined in recent years. Even though the allowance rates have declined, the rolls have increased sharply as a result of rising initial application rates. These increased filings seem to be influenced by such factors as economic conditions, an increasing tendency of applicants to appeal cases, and population growth.

The report suggests that improved administration will significantly improve the equity and uniformity of the decisions reached under this program. GAO indicates that it did not attempt to measure the extent to which differences in such matters as differing organization structures and claims processing procedures impacted on the efficiency of State operations. Nevertheless, based on anecdotal material and statements from a small number of State and regional officials, GAO proceeded to draw conclusions about how we should considerably revamp Federal-State relationships and agreements.

By its approach, GAO has not adequately taken into account the extent to which court decisions and legislative decisions embedded in the statutory base of the program play a part in constraining uniform administration of the program. Such matters as the inherently subjective and complex definition of disability in the law involving a far-reaching determination of both medical and vocational factors lead to circumstances where a number of people looking at the same data can arrive at different conclusions. In addition, the Congress has mandated that the Secretary must enter into agreements with willing States that empower them to make disability determinations. The Secretary's authority to change decisions is limited. Redeterminations can only be made of allowance decisions and decisions concerning the date that disability began. No redeterminations may be made of State disallowance decisions. These factors significantly affect the uniformity and efficiency of administration of the title II disability insurance program. In its present form the draft report, we believe, is incomplete by not at least noting these elements.

SSA has taken and is taking steps to increase efficiency and assure a more uniform disability decision process. Although the GAO recommendations are not fully supported by its findings, they are basically sound, and we have incorporated them as objectives in our plans to improve program administration. We caution, however, that any administrative steps taken to implement the recommendations will probably have only a marginal effect in overcoming the problems discussed in the report.

We have set out in the discussion below those steps we have taken to improve the administration of the disability program as well as those steps we now propose as a plan of further action. The action steps are listed under the specific GAO recommendations to which they apply.

GAO Recommendation

That SSA assure that the States are provided timely, adequate criteria and instructions for carrying out their responsibilities.

Department Comment

GAO's finding relative to this recommendation is not so much that SSA did not provide timely and adequate instructions, but rather that there was a problem in providing formal manualized changes and a mechanism for obtaining comments to such changes from the State agencies and regional offices.

Under certain circumstances, it is virtually impossible to issue formal manualized instructions timely and in the regular manner. Such circumstances occur when a legislative change is made effective on passage as happened with the SSI rollback amendment, and earlier with the black lung program. SSA's Bureau of Disability Insurance did issue, on a timely basis, numerous procedural instructions outside the formal manual system without permitting the user entities time or, in some cases, even the opportunity to comment. These instances were largely beyond the control of the Bureau of Disability Insurance and may have resulted in other SSA components also issuing procedural changes that were not fully compatible. However, the situation has now stabilized, and we are committed to providing adequate criteria and timely instructions to the regional offices and State agencies. Such criteria and instructions will be issued within the formal manual system with full opportunity for preclearance and comment by the field components.

A year ago, the Bureau of Disability Insurance undertook a project to incorporate virtually all nonmanualized field instructional materials into the basic manual--the Disability State Insurance Manual. Already, one-half of these instructions have been manualized and one-third of the remaining instructions are in final preparations for printing. The regional offices are coordinating this extensive undertaking in the field.

In addition, a new manual instructions system is now being established by SSA's Office of Program Operations to provide for a single official instructional vehicle, addressed to the total audience, for dissemination of all program instructions used in administering all the benefit programs of the Social Security Administration.

SSA has an action plan consisting of a number of steps that give effect to GAO's recommendation on this issue. The action steps include:

1. Publish in the Federal Register the revised adult medical listings, the childhood medical listings, and more explicit vocational guidelines.
2. Issue the revised adult medical listings, the childhood medical listings, and the more explicit vocational guidelines in the Disability Insurance State Manual and monitor the implementation of the improved guidelines and listings.
3. Issue instructions, guidelines and criteria contained in Disability Insurance Letters and other instructional memoranda in the appropriate manuals.

GAO Recommendation

That SSA assure uniform training is provided all State agency employees.

Department Comment

Since the disability program began in 1954, SSA has worked with the States to facilitate standardized training for State agency disability adjudicators. A comprehensive programmed instructional training package called "Instrux" was developed and distributed in 1973 for the use by all State agencies in training disability examiners. Although GAO indicates that some of the State agency employees with whom they talked felt that "Instrux" is not sufficient for current training needs, it was, nonetheless, of great value to the State agencies in meeting large scale training needs at the start of the SSI program. The "Instrux" package is now being updated. In addition, a "DDS Vocational Specialist Handbook" has been developed and distributed to all State agencies, and training with regard to the handbook has been presented by SSA central and regional office staffs.

Training visits to State agencies were made with presentations by central office physicians and disability technical staff members. Special purpose training sessions have been held on simultaneous development, sample review procedures, quality assurance, and the like, with presentations by central and regional office staff members. State agency personnel have been detailed to work in claims or staff positions in social security's central and regional offices.

Further, toward the objective of improved training, a task force consisting of State agency managers and training officers, as well as SSA regional and central office representatives, met in October 1975 to explore State agency training needs and plans of action which would increase consistency in disability adjudicator performance. SSA is committed to take action and provide materials to respond to State agency training needs.

SSA's action plan includes the following steps that will serve to implement GAO's recommendation.

1. Review and update the current "Instrux" program to include material requested by State agencies and training on the SSI program.
2. Develop training materials for simultaneous issuance with new instructions to be published in the Federal Register.
3. Initiate training and provide resources to improve training for State agency personnel.

GAO Recommendation

That SSA assure that its quality assurance system is adequately implemented.

Department Comment

The implementation of an efficient and effective quality assurance (QA) system at all operating levels is an ongoing SSA concern. The temporary suspension of State agency QA systems during 1974, because of heavy SSI workloads and universal public concern about case processing time, was necessary and unavoidable. During 1975 SSA re-emphasized QA in the State agencies. Besides highlighting QA activities in regular regional office visits to the State agencies,

special visits and reviews were conducted by central office as well as regional personnel on a conference or training basis. State agency sampling procedures, QA forms, and reporting requirements were also extensively revised and QA administrative directives issued to provide more comprehensive direction for State agency QA activities. As a follow-up measure, SSA teams have been conducting quality surveys of those States that are below national quality norms. Through these surveys, SSA will identify needed changes in policy, procedures, systems, resources, and individual State practices. This will facilitate corrective action to firm up the entire QA process.

Currently, a basic three tier QA structure is in place in the State agencies and in SSA offices. The first level of quality control is performed on-line in the State agencies. This level was formally introduced in 1972 when SSA completed its changeover from a case-by-case review of State agency determinations to a sample review. As the central office review moved from a sample preadjudicative review to a sample postadjudicative review, the State agencies were given increased final authority for their decisions. The QA system in the State agencies constitutes a national system providing standards and uniform requirements for review of the State agency operation and its end product.

The sample of all State agency determinations reviewed by SSA is described as the second level. At this level the title II decisions are reviewed in SSA central office and the title XVI and concurrent title II-XVI decisions are reviewed in the 10 regional offices. A statement of any deficiencies noted by the reviewers is returned to the State agency citing the nature of the deficiency and the applicable policy or procedural instructions. In addition to the individual case feedback, regular periodic analyses are prepared and sent to the State agency or regional office. The basic purpose of the Federal review is to identify problem areas and trends so that corrective action can be taken.

In addition to the second level Federal review, a subsample of the cases reviewed in the regional offices is selected for evaluation of regional conformity in central office. This is called third level review. The purpose of this review is to ensure that the review process in each region is uniform in the application of published policies and procedures.

Individual case feedback to the regions is provided on deficiencies in the review process, and quarterly reports (soon

to become monthly) are published. These reports include both the statistical findings from the review and an analysis of the significant findings with recommendations.

In addition to the ongoing reviews discussed above, special studies are conducted of various aspects of the disability process to ensure that the system is viable and effective.

Along the lines of GAO's recommendation, a number of initiatives are underway or will begin soon to strengthen and expand the basic quality assurance program. The action steps in this regard include the following:

1. Issue a comprehensive message to regional offices on strengthening DDS quality assurance related activities and functions.
2. Prepare a summary of quality assurance surveys of selected State agencies.
3. Establish a series of "quality pars" for measuring State agency quality.
4. Strengthen BDI quality assurance organization.
5. Further refine the standardized classification system for defining errors and/or deficiencies.
6. Redesign reporting format to provide users more definitive data.
7. Develop procedures for implementing flexible review and for coordinating statistical and narrative feedback.
8. Complete work on mechanical selection of DI and SSI samples.
9. Complete development and implementation of the quality review system for determinations of continuing disability.

GAO Recommendation

That SSA develop a model or standard for use for guidance to the State agencies in establishing their organizations and case processing procedures.

Department Comment

Section 221 of the Social Security Act, enacted by Congress in 1954, is the basis for the existing Federal-State arrangement for processing disability claims. The statute stipulates that an agreement shall be entered into by SSA with each State under which the State agency would make the determinations of disability.

The location of the State agency Disability Determination Services in the State hierarchy remains essentially a State prerogative and can only be changed through State legislative action or executive order subject only to legal opinion as to its effect on the continuation of the existing agreement. The geographical location of the State agency Disability Determination Services is subject to the mutual agreement of the State and the Secretary and it is so stipulated in the current agreement. The agreement also provides for Federal and State consultation in reviewing and revising the standards necessary to make disability decisions. The Committee on Social Security Relationships of the Council of State Administrators of Vocational Rehabilitation is one mechanism which provides the States an opportunity to make their views known to SSA and to exchange ideas with other States. The Committee meets regularly, usually quarterly. SSA central office and regional office staff members also have extensive contact with the State agencies on program and administrative issues whereby the States are afforded every opportunity to exchange ideas and otherwise make their views known.

Although certain inherent limitations impinge upon SSA in terms of its capacity to influence and control administrative activities in the State agencies, uniform operating standards and procedures have been implemented in the State agencies. SSA did develop and distribute to the States an inventory of functions deemed necessary for effective State agency operation. These included staff (management) functions and line (operational) functions. The size of the agency would determine whether one function is assigned to an individual or if functions are combined before assigning. Moreover, SSA has, over the years, worked closely with the State agencies in developing State position descriptions for State agency examiners, quality assurance specialists, and similar functions SSA deemed necessary to accomplish SSA program goals.

Work is now underway to develop model organizations appropriate for small, medium, and large State agencies.

Relative to GAO's recommendation, the action steps contained in SSA's action plan include the following:

1. Review current State agency organizational charts and existing workflow models or internal agency procedures.
2. Review and update the list of functions required for effective State agency operation.
3. Convene workgroups of central office, regional office and State agency personnel to develop, review and analyze workflow models and prepare basic models.
4. Review and analyze workgroup recommendations and prepare organizational models depicting a full range of functions.
5. Prepare guidelines as they relate to basic organizational models and workflow for manual issuance.

GAO Recommendation

That SSA improve the quality of the input to the State agencies from its district offices.

Department Comment

The criticisms in this area appear to stem primarily from State agency comments that the quality of information developed by the district offices (DOs) has been poor. We doubt that the criticisms were arrived at on the basis of the case sample. We believe that the deficiencies which have occurred are more the results of a tremendous increase in the volume and variety of DO workloads and budgetary, staffing and training limitations, rather than a failure of DO expertise or capabilities.

A balanced view of the DOs performance must give greater emphasis to the increased responsibilities recently given them. Some of the major ones impacting heavily on the DOs concern the processing of determinations of substantial gainful activity, systems modifications to trigger payment of claims, retention of denial folders, final review of technical denials, and the implementation of the informal remand procedure. The need to absorb these added responsibilities and provide necessary training has seriously strained DO resources and facilities.

SSA has taken several steps to improve the DOs performance. SSA has rewritten the training lessons which involve interviewing to place more stress on communication with the claimant, and less on simply completing the forms. Several discussions on good interviewing have been added to the Claims Representative Trainee Basic Course and a survey is underway to define what interviewing situations cause the most difficulty for the interviewers. The results of the study will enable SSA to better plan interview training for new employees and for upgrading the skills of experienced employees. The upshot of these activities should be on an improvement in the quality of input to the State agencies.

SSA's action plan includes the following steps which will serve to implement GAO's recommendation.

1. Complete and evaluate current experiments which test alternative methods of DO-DDS claims processing.
2. Redesign the SSA-401 form to facilitate DO, Branch Office (BO) and State agency use by replacing it with two forms: the SSA-401 (Medical History and Disability Report) for DO and BO use, and the SSA-401B (Vocational History Report) for State agency use.
3. Combine into one form the SSA-401A (Report of Disability Interview, Widow, Divorced Wife and Widower), the SSA-401CH (Report of Childhood Disability Interview), and the SSA-430 (Medical Treatment and Development Summary).

GAO Recommendation

That SSA review the agreements with the State agencies and suggest revisions which will clearly define the responsibilities of each party consistent with a uniform disability determination process.

Department Comment

SSA has made a number of attempts to strengthen the State agency agreements over the last 20 years. The latest modification to the agreements was to secure the aid of the States in administering the disability and blindness provisions of title XVI. At that time, model agreement language was

developed which strengthened some of the provisions of the agreements. Examples of this include obtaining exceptions to State hiring freezes, overtime restrictions, and curtailment of facilities, i.e., space and equipment. In some instances, changes that would provide more administrative control over the States are restricted by State law or practice. However, we will continue to review the agreements and take steps aimed at further strengthening their provisions.

The following are among the action steps to be taken:

1. Review the Federal-State agreements for possible changes in language.
2. Present proposals to the Committee on Social Security Relationships, Council of State Administrators for Vocational Rehabilitation, for discussion.
3. Prepare required language changes and clear with interested parties, including the Committee on Social Security Relationships.
4. Prepare final modifications package for implementation.

GAO Recommendation

That SSA resubmit a proposed new medical criteria listing, intended for use in making disability determinations, to the regional offices and State agencies for review and comment.

Department Comment

On May 29, 1975, in an effort to involve the regional offices and State agencies in the formulation of the Listing of Impairments, copies of the proposed revised listing were sent to all regional offices so that they and all State agencies could comment on the proposed Listing before formal clearances were sought. Replies were requested by July 7, 1975. Some respondents requested an extension of time to submit comments and were afforded the time extensions. Comments received from regional offices and State agencies as late as September 1975 were considered in revising the proposed Listing.

All but six States submitted comments. It is important to note that three of the six were among the States contacted by GAO.

In line with GAO's recommendation, SSA plans to publish a revised medical criteria listing as a Notice of Proposed Rulemaking and to consider comments from all interested parties, including the State agencies and regional offices.

Other Matters Discussed in the Draft Report [See GAO note.]

GAO note: Deleted comments related to matters presented in the draft report which have been revised in the final report.

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HEALTH, EDUCATION, AND WELFARE:		
David Mathews	Aug. 1975	Present
Caspar W. Weinberger	Feb. 1973	Aug. 1975
Frank C. Carlucci (acting)	Jan. 1973	Feb. 1973
Elliot L. Richardson	June 1970	Jan. 1973
Robert H. Finch	Jan. 1969	June 1970
Wilbur J. Cohen	Mar. 1968	Jan. 1969
COMMISSIONER OF SOCIAL SECURITY:		
James B. Cardwell	Sept. 1973	Present
Arthur E. Hess (acting)	Mar. 1973	Sept. 1973
Robert M. Ball	Apr. 1962	Mar. 1973
DIRECTOR, BUREAU OF DISABILITY INSURANCE:		
William J. Rivers	Jan. 1976	Present
Samuel E. Crouch (acting)	July 1974	Jan. 1976
Bernard Popick	Sept. 1965	June 1974